

1 **Q. Please state your name, business address and present position with Rocky**  
2 **Mountain Power (the Company), a division of PacifiCorp.**

3 A. My name is C. Craig Paice. My business address is 825 N.E. Multnomah, Suite 2000,  
4 Portland, Oregon 97232, and I am currently employed as a Regulatory Consultant in  
5 the Regulation Department.

6 **Qualifications**

7 **Q. Please briefly describe your education and business experience.**

8 A. I received a Bachelor of Science Degree in Business Management from Brigham  
9 Young University in 1976. I have also attended various educational, professional and  
10 electric industry seminars during my career with the Company. I have been employed  
11 by PacifiCorp (“Rocky Mountain Power” or the “Company”) since 1978 and have  
12 held various positions in accounting, customer service, and regulation.

13 **Q. Please describe your present duties.**

14 A. My primary responsibilities are to prepare, present, and explain the results of the  
15 Company’s cost of service studies to regulators and interested parties in jurisdictions  
16 where PacifiCorp provides retail electric service.

17 **Q. Have you been a witness in other regulatory proceedings?**

18 A. I have previously provided cost of service testimony in the states of Utah, Wyoming,  
19 California, Oregon, Washington, and Idaho.

20 **Purpose of Testimony**

21 **Q. What is the purpose of your testimony?**

22 A. I will present PacifiCorp’s functionalized class cost of service study results for both  
23 major plant additions for which the Company is requesting recovery.

24 **Summary of Results**

25 **Q. Please identify Exhibit RMP\_\_\_(CCP-1) and explain what it shows.**

26 A. Exhibit RMP\_\_\_(CCP-1) presents the results from three cost of service studies  
27 prepared in this filing for the State of Utah. The first study is based on the revenues  
28 and results of operations that were ordered by the Public Service Commission of Utah  
29 (“Commission”) in the 2009 general rate case (“2009 General Rate Case”), Docket  
30 No. 09-035-23 (“Base” study). The next study employs the results of operations  
31 which were based on the stipulation reached by the parties, and as approved by the  
32 Commission in its order, in the first major plant additions filing, Docket No. 10-035-  
33 13 (“First Major Plant Additions” study). The final study is based on the results of  
34 operations as presented in the testimony of Company witness Mr. Brian S. Dickman  
35 in this docket (“Second Major Plant Additions” study). Column A shows present  
36 revenues by class. Column B shows the total cost of service by class from the Base  
37 study as established in the 2009 General Rate Case and which is the basis for current  
38 rates. Column C shows the total cost of service results by class from the First Major  
39 Plant Additions study. Column D shows the difference between the First Major Plant  
40 Additions study and the Base study and reflects the \$30.8 million rate increase  
41 ordered in the First Major Plant Additions filing. Column E shows the difference in  
42 Column D expressed as a percentage increase over present revenues. Column F  
43 shows the total results by class at the target level for the Second Major Plant  
44 Additions study. Column G shows the difference between the Second Major Plant  
45 Additions study and the First Major Plant Additions study. Column H shows the  
46 difference in Column G expressed as a percentage increase over present revenues.

47 Column I shows the cumulative total cost of service results from both major plant  
48 additions studies when compared to the Base study. Column J shows the difference in  
49 Column I expressed as a percentage increase over present revenues.

50 **Q. Why are three cost of service studies relied on in this filing?**

51 A. These cost of service studies illustrate the additional revenue requirement impact to  
52 the customer classes occurring as a result of changes to Utah's results of operations  
53 due to major plant additions. To develop a step-by-step review showing how the two  
54 separate plant addition filings impact cost of service results, the Company first relies  
55 on the Base study to show customer class cost of service results which incorporated  
56 the \$32.4 million increase in revenues ordered by the Commission in Docket 09-035-  
57 23. Next, the First Major Plant Additions study was prepared to show customer class  
58 revenue requirements resulting from the Commission's order in that case, Docket No.  
59 10-035-13. Results from this study were then compared to the Base study to show the  
60 differences. Finally, the Second Major Plant Additions study was prepared to show  
61 the impact on customer class revenue requirements as a result of including both the  
62 first and second major plant additions. Results from this study were compared to the  
63 First Major Plant Additions study and to the Base study to show the impact of the  
64 second major plant additions by themselves and the impact of both the first and  
65 second major plant additions. Given the limited scope of single item rates cases, it is  
66 important that cost of service impacts of major plant additions are isolated from all  
67 other costs for which the Company is not currently requesting recovery.

68 **Changes in Cost of Service Studies**

69 **Q. Are there any methodology differences between these cost of service studies and**  
70 **the rebuttal study previously filed with the Commission in the 2009 General**  
71 **Rate Case?**

72 A. Yes. To comply with the Commission's Order in Phase I of the 2009 General Rate  
73 Case, issued February 18, 2010, the models were modified to calculate income taxes  
74 based on taxable income for each customer class.

75 **Q. Did the Commission order any other cost of service methodology changes in the**  
76 **2009 General Rate Case?**

77 A. Yes. The Commission also ordered that the revenue requirement increase under the  
78 MSP Stipulation relative to the Rolled-In method be applied to each customer class'  
79 production function revenue requirement.

80 **Q. How was this methodology change accomplished into the cost of service studies**  
81 **used in this filing?**

82 A. Revenue requirement results from the jurisdictional allocation model (JAM) for both  
83 major plant additions used the Rolled-In methodology with no increase related to the  
84 MSP Cap, therefore this methodology change was unnecessary.

85 **Cost of Service Model Inputs**

86 **Q. Are the inputs in the cost of service models presented in this filing the same as**  
87 **those from the Company's rebuttal study previously filed with the Commission**  
88 **in the 2009 General Rate Case?**

89 A. Yes, with the exception of results of operations from JAM, retail revenues, and net  
90 power costs, all other input data are the same as presented in the previous filing.

91 **Workpapers**

92 **Q. Have you included your workpapers?**

93 A. Yes. The functionalized results of operations and class cost of service studies are  
94 included in my workpapers which are provided electronically in folder D.1 of the  
95 Filing Requirements CD.

96 **Q. Does this conclude your direct testimony?**

97 A. Yes, it does.